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The Very Big Thing That Uber, Lyft and Sidecar Didn't Get From California

San Francisco | 08/06/2013 8:00am | [0](#)
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Victory is understandably being declared in the [San Francisco offices](#) of companies based on the notion of normal folk giving other normal folk a lift. After nine months of, first, [\\$20,000 fines](#), then [an investigation](#), then one-year reprieves, California Public Utilities Commission President Michael R. Peevey has [proposed an agreement](#) that would greenlight the operations of ride sharing companies, over the often strenuous objections of the taxicab industry.

The Peevey proposal still needs the approval of the full commission, and is slated for consideration on September 5. Still, the companies are thrilled. As Sidecar CEO Sunil Paul [blogged](#) at the news of the proposal, "We couldn't be more pleased with this outcome."

But such unbridled joy requires revisionist thinking. Back in November when the fines were being handed out, [Paul's tone was different](#). He argued that treating his company like any other transportation carrier under the law didn't make sense. "We neither employ nor use contract drivers," he wrote then of the new paradigm in play. "We connect a community of like-minded people who volunteer to give rides to one another in a safer, faster, and more convenient way than casual carpool or a bulletin board like Craigslist."

In brief, Sidecar is a platform that that connects people, like so many other powerful ways the Internet works. Treating Sidecar like a car service company would be, [Paul wrote](#), "like saying Airbnb is a hotel chain, that Travelocity is an airline, or that eBay is a store."

That argument is "creative," conceded Peevey in his proposal. But you don't have to dig too deeply between the lines to find that he also found the idea absurd. Just being Internet-based, he wrote, hardly exempts you from regulation. And that might prove a landmark decision.

Ride sharing began in California before spiraling out to the rest of the country, and companies are hoping that liberal policies on their business model will spiral out from California, too. But Peevey smothered the "Just an App" argument at the start, saying that the commission's concern isn't the app at all, but the car that shows up after the app's users mash a few buttons. The alternative is that anyone hoping to be exempt from regulation simply runs out and gets themselves an app. No, the Sidecars of the world would be treated like transportation companies, indeed.

That said, under the proposal, Sidecar *et al* will be treated like a new kind of car service company — a Transportation Network Company, a PUC-made neologism. You'll know TNCs by the fact that they connect people online for rides in personal, non-commercial vehicles.

Under the Peevey plan, California would put in place rules to attempt to ensure the safety of TNC passengers. The companies will need to have liability insurance of at least \$1 million per incident. TNC drivers will have to be over 21, have been driving for at least a year and undergo a company-run criminal background check before they start.

The companies must also have a zero-tolerance policy in effect for drugs and alcohol. The rating systems for both passengers and drivers can't be discriminatory, and drivers can't discriminate based on where a rider gets picked up or dropped off, or on race, color, national origin, sex, disability, age, sexual orientation or sexual identity.

Significant rules, no doubt, but they also firm up the rights of ride sharing companies to operate.

So who cares, then, if California marks the end of the idea that ride sharing services are just platforms upon which we citizens work our magic? It's a wonky question, but it's also a big deal. To see why, you don't have to look much further than the Internet itself.

Paul, you'll remember, talked about the fallacy of operating as if "eBay is a store." One of the reasons it's not is because of a provision in U.S. law called [Section 230 of the Communications Decency Act](#). Section 230 established the idea that just because you run an online platform doesn't mean you're responsible for everything anyone posts on it. Other countries do it differently. You might remember Google executives being [personally sued in Italy](#) over an abusive uploaded video. But that bit of law is one of the reasons that everything from YouTube to blogs to Facebook flourished in the U.S. A few steps away from this California ride sharing proposal is that idea that Airbnb is indeed a hotel chain, just one of a new sort where both the hotels and hoteliers are ever-shifting.

The argument that ride sharing companies are really nothing more than glorified apps was probably always a loser. When what happens online triggers one human getting into another human's front seat, real lives are at stake. But what happened in California adds considerable weight to the emerging notion that a peer-to-peer company like Uber, Lyft and Sidecar should, for better or worse, be treated like any other company.

[California Public Utilities Commission Proposed Decision on Transportation Network Companies](#)